

A HIGH-TECH TRIAD:

Technology-based companies are setting up shop in High Point

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HIGH POINT-- Starting a life-science company outside of the Research Triangle Park proved to be a happy circumstance for Adnan Mjalli, the president and chief executive of TransTech Pharma.

He had lived and worked in the pharmaceutical core of New Jersey and near the biotechnology hub of San Diego. So when RTP had little available office space, Mjalli drove west on Interstate 40, stopping at an office park near Burlington.

That space could not be outfitted for a lab, but the property manager directed Mjalli to the Piedmont Centre, a 1,100-acre office park in High Point. Mjalli snatched up space in a building off of Piedmont Parkway and outfitted half of it for a wet lab within four weeks.

The company, which uses its proprietary translational technology to help find cures for cancer, Alzheimer's and diabetes, has expanded three times since 1999. It added 9,000 square feet and 25 jobs just last year.

"Two-and-a-half years ago, nothing was here," Mjalli said. "We came in with \$5 million from New York and now have about 80 highly paid people, mostly scientists, who we've recruited from other cities and states.

"That's creation," he said.

TransTech Pharma is one of six life-sciences companies in High Point, a city known more for its furniture and textile industry. But city and business leaders have been trying to diversify its economic base for more than 10 years.

The high-tech company leaders say that they are in the Triad for several reasons: a lower cost of living, the proximity to area universities, a strong pool of workers and a nearby airport that is expected to get a large cargo hub.

"There's a lot more value here, and that's worth something," said Ed Chait, the president and chief executive of PharmaCore, which was spun out of TransTech Pharma a year ago. Chait said that he was already sold on North Carolina when he was asked to come to High Point, and he has little trouble convincing new hires to join his company.

"There's a certain cache about Boston and San Diego, but when enough of us who are well-known speak about it here, it will carry some weight," Chait said. "We don't have to take a back seat to anybody."

The city's new slogan is "High Point USA -- Where Technology & Tradition Thrive," and an annual report from the city's Economic Development Corporation lists High Point Regional Health System and Bank of America as its top two employers, instead of a major furniture or textile businesses. Other health-care and insurance-type companies are on that list, including Aetna US Healthcare and Cornerstone Healthcare. Such computer and electronic companies as Tyco Electronics and New Breed Transfer are listed as well.

"We were looking to diversify, and we've done it," said Loren Hill, the president of the economic group. "It didn't just happen, folks planned for it, and for that, we drew these new companies."

One pharmaceutical company on that top-employer list is Banner Pharmacaps Inc., a maker of capsules and gelatin-coated tablets for such drugs as Excedrin, Aleve and Advil. The company has 500 workers, including researchers, engineers, manufacturers and other staff.

Banner Pharmacaps chose High Point as its new home and international headquarters in the 1990s for the merged company of Banner, based in California, and Pharmacaps, based in New Jersey.

"North Carolina was a good blend," said James Warren Jr., the chairman and chief executive. "We brought key science and technology people here, and they live all over the Triad, from Winston-Salem to Burlington."

With 300 workers, Ciba Specialty Chemicals is the other large science-oriented company. Ciba is billing itself as a "Center of Excellence" as a supplier of raw materials to companies that manufacture personal-care products, such as shampoos, lotions and soaps.

One company that economic developers in the Triad and in North Carolina have paid attention to is MWG Biotech, a German company that decided to start its U.S. operations in High Point for a number of reasons, said its president, Craig Abrahams. The promise of a proposed FedEx cargo hub at the Piedmont Triad International Airport was a major draw for the company, which is the world's top manufacturer of synthesized oligonucleotides, or DNA fragments.

Abrahams admits that FedEx is not the company's top shipper, but if the cargo hub does come to PTI in 2006, it will add several hours onto MWG Biotech's manufacturing day.

"Everything is custom-manufactured, so we need as much time during the day to prepare for next-day shipping," Abrahams said.

The Piedmont Centre is in northern High Point, where many of the residents are concerned about nighttime jet noise coming from the FedEx planes. Abrahams and other business owners, however, say they are in an ideal spot to benefit from the hub and additional economic development.

"Northern High Point has a lot of the things these companies are looking for: they have landlords that are flexible, they can cater to their needs, it's close to the airport, and it's cheap," said

Charles Tuttle, the executive director of the Piedmont Entrepreneurs Network. "For those reasons, it's a great place."

But the city and the Triad still need some things, several of the executives say. On one hand, MWG Biotech has no trouble hiring people in the area who have a degree and background in science, Abrahams said. About 25 percent of its new hires come from LabCorp. in Burlington or from area schools, such as Wake Forest University and University of North Carolina at Greensboro.

But in the technology-rich areas of California and Boston, the business and MBA schools at colleges and universities often funnel out graduates to nearby technology companies, said Chait of PharmaCore.

"The business schools are the factories of the leaders of technology companies," he said. "I wouldn't mind recruiting my next finance executives from North Carolina."

The other issue is a common one for almost all entrepreneurs, especially technology-bent ones: there's not enough cash here.

"We're missing the seed money to help fantasies come to reality," said Mjalli. "I think people are investing their money, but it's not focused; we want to educate investors."

North Carolina has four private-investor networks, including the Piedmont Angel Network, a private fund that was started late last year. Other venture-capital firms, such as Academy Funds, which has offices in Winston-Salem, Raleigh and Charlotte, invest in early-stage life science and other technology companies.

"Why San Diego is great - there are a lot of funds to really encourage ideas and explore the business side of those ideas - it's easy," Mjalli said.

For the Triad, he suggests business leaders, city officials and the investment community start a program with the goal of financing 10 new life-science companies a year. It could be done with \$1 million to \$3 million.

"So we don't need hundreds of millions of dollars to establish something," he said.

"If we get 10 or 15 of these technology companies, and growth is expected, then you get thousands of new jobs, high-paid jobs, permanent jobs," he said.

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